



**ANNUAL FINANCIAL REPORT**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2013**



**PATTILLO, BROWN & HILL, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS



# CITY OF BELLMEAD, TEXAS

## TABLE OF CONTENTS

SEPTEMBER 30, 2013

### Page Number

#### **FINANCIAL SECTION**

Independent Auditors' Report .....	1 – 2
Management's Discussion and Analysis .....	3 – 10
<b><u>Basic Financial Statements</u></b>	
Government-wide Financial Statements:	
Statement of Net Position .....	11
Statement of Activities .....	12
Government Fund Financial Statements:	
Balance Sheet.....	13 – 14
Statement of Revenues, Expenditures and Changes in Fund Balance.....	15 – 16
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance .....	17
Proprietary Fund Financial Statements:	
Statement of Net Position .....	18
Statement of Revenues, Expenses and Changes in Fund Net Position.....	19
Statement of Cash Flows .....	20
Notes to the Financial Statements.....	21 – 37

#### **Required Supplementary Information**

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General.....	38
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Economic Development – A.....	39
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Economic Development – B.....	40
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Hotel/Motel Tax Fund .....	41
TMRS Analysis of Funding Progress.....	42
Notes to Required Supplementary Information.....	43

#### **Other Supplementary Information**

Nonmajor Governmental Funds:	
Combining Balance Sheet .....	44
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	45

THIS PAGE LEFT BLANK INTENTIONALLY



## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and  
Members of the City Council  
City of Bellmead, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Bellmead, Texas, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Bellmead's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

THIS PAGE LEFT BLANK INTENTIONALLY

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bellmead, as of September 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–10 and 38–43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bellmead's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

*Patricia Brown & Hill, L.L.P.*

April 23, 2014

**THIS PAGE LEFT BLANK INTENTIONALLY**



## MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Bellmead, Texas (the "City") offers the following overview and analysis of the City's financial statements and financial activities for the fiscal year ended September 30, 2013. It should be read in conjunction with the City's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The assets of the City exceeded liabilities at the close of the most recent fiscal year by \$26,923,237 (net position). Of this amount, \$8,327,981 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with fund designation and fiscal policies. In the prior year, the City's assets exceeded its liabilities by \$25,469,118. Of this amount, \$7,219,107 (unrestricted net position) could have been used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's net investment in capital assets decreased by \$152,043 from the prior year.
- As of September 30, 2013, the City of Bellmead's governmental funds reported ending fund balances of \$7,632,482. Of this amount, \$1,869,707 is unrestricted fund balance in the General Fund available for use within the City's fund designation and fiscal policies. In the prior year, the City's governmental funds reported ending fund balances of \$6,506,112. Of this amount, \$1,705,700 was unrestricted fund balance in the General Fund available for use within the City's fiscal policies.
- As of September 30, 2013, the restricted net position of the governmental activities is \$4,483,968 of which \$3,166,471 is restricted for economic development and \$995,230 was restricted for culture and recreation. In the prior year, restricted net position of the governmental activities was \$3,906,347 of which \$2,677,724 was restricted for economic development and \$948,458 was restricted for culture and recreation.
- As of September 30, 2013, the City of Bellmead's Enterprise Fund reported ending fund net position of \$7,892,677. Of this amount, \$5,213,955 is unrestricted fund net position available for use within the City's fund designation and fiscal policies. In the prior year, the City's Enterprise Fund reported ending fund net position of \$7,450,992. Of this amount, \$4,653,092 was unrestricted fund net position available for use within the City's fiscal policies.
- The total cost of the City's programs represents the inclusion of the City Council's funding priorities including: employee compensation and insurance, maintenance of the water system, and equipment for maintenance and operations.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by citations, sales tax, street tax, and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, economic development, culture and recreation, and highways and streets. The business-type activities of the City include a water distribution operation and sewer services.

The government-wide financial statements can be found on pages 11 and 12 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The basic governmental fund financial statements can be found on pages 13 through 17 of this report.

**Proprietary funds.** The City maintains one type of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses Enterprise Funds to account for its water distribution operations and sewer services.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 18 through 20 of this report.

**Notes to financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 – 37 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Net assets.** The City's combined net position was \$26,923,237 at September 30, 2013, which is a 5.71% increase from September 30, 2012. (See Table A-1) The largest portion of the City's net position, \$14,111,288, reflects its investment in capital assets (e.g., land, buildings and improvements, equipment, and water and sewer facilities), less any related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

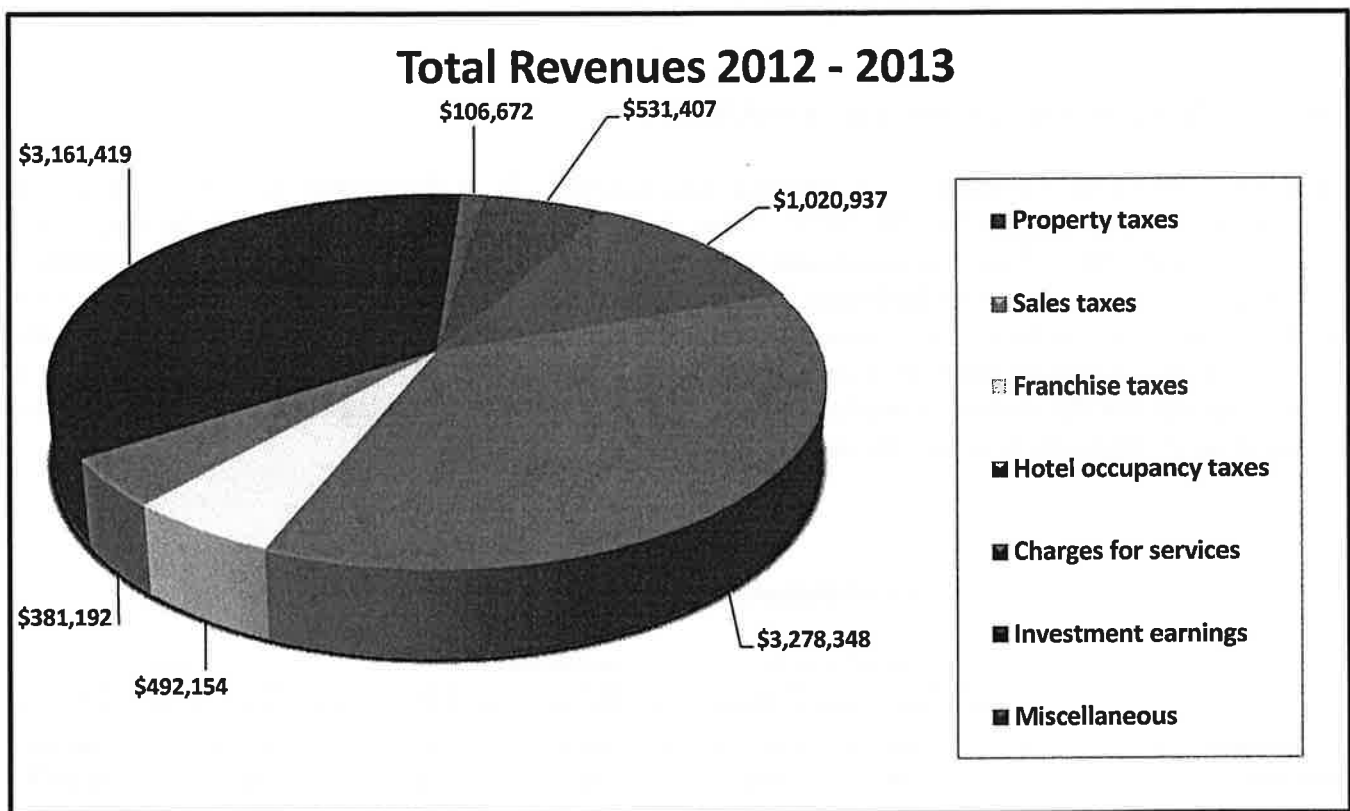
**Table A-1**  
**City of Bellmead, Texas' Net Position**

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 9,270,202	\$ 8,436,413	\$ 5,756,063	\$ 5,310,338	\$ 15,026,265	\$ 13,746,751
Capital assets	<u>11,877,168</u>	<u>12,249,131</u>	<u>3,348,303</u>	<u>3,587,567</u>	<u>15,225,471</u>	<u>15,836,698</u>
Total assets	<u>\$ 21,147,370</u>	<u>\$ 20,685,544</u>	<u>\$ 9,104,366</u>	<u>\$ 8,897,905</u>	<u>\$ 30,251,736</u>	<u>\$ 29,583,449</u>
Long-term liabilities	\$ 1,330,029	\$ 1,766,902	\$ 522,799	\$ 707,212	\$ 1,852,828	\$ 2,474,114
Other liabilities	<u>786,781</u>	<u>900,516</u>	<u>688,890</u>	<u>739,701</u>	<u>1,475,671</u>	<u>1,640,217</u>
Total liabilities	<u>2,116,810</u>	<u>2,667,418</u>	<u>1,211,689</u>	<u>1,446,913</u>	<u>3,328,499</u>	<u>4,114,331</u>
Net position:						
Net investment in capital assets	11,452,985	11,545,764	2,658,303	2,717,567	14,111,288	14,263,331
Restricted	4,463,549	3,906,347	20,419	80,333	4,483,968	3,986,680
Unrestricted	<u>3,114,026</u>	<u>2,566,015</u>	<u>5,213,955</u>	<u>4,653,092</u>	<u>8,327,981</u>	<u>7,219,107</u>
Total net position	<u>\$ 19,030,560</u>	<u>\$ 18,018,126</u>	<u>\$ 7,892,677</u>	<u>\$ 7,450,992</u>	<u>\$ 26,923,237</u>	<u>\$ 25,469,118</u>

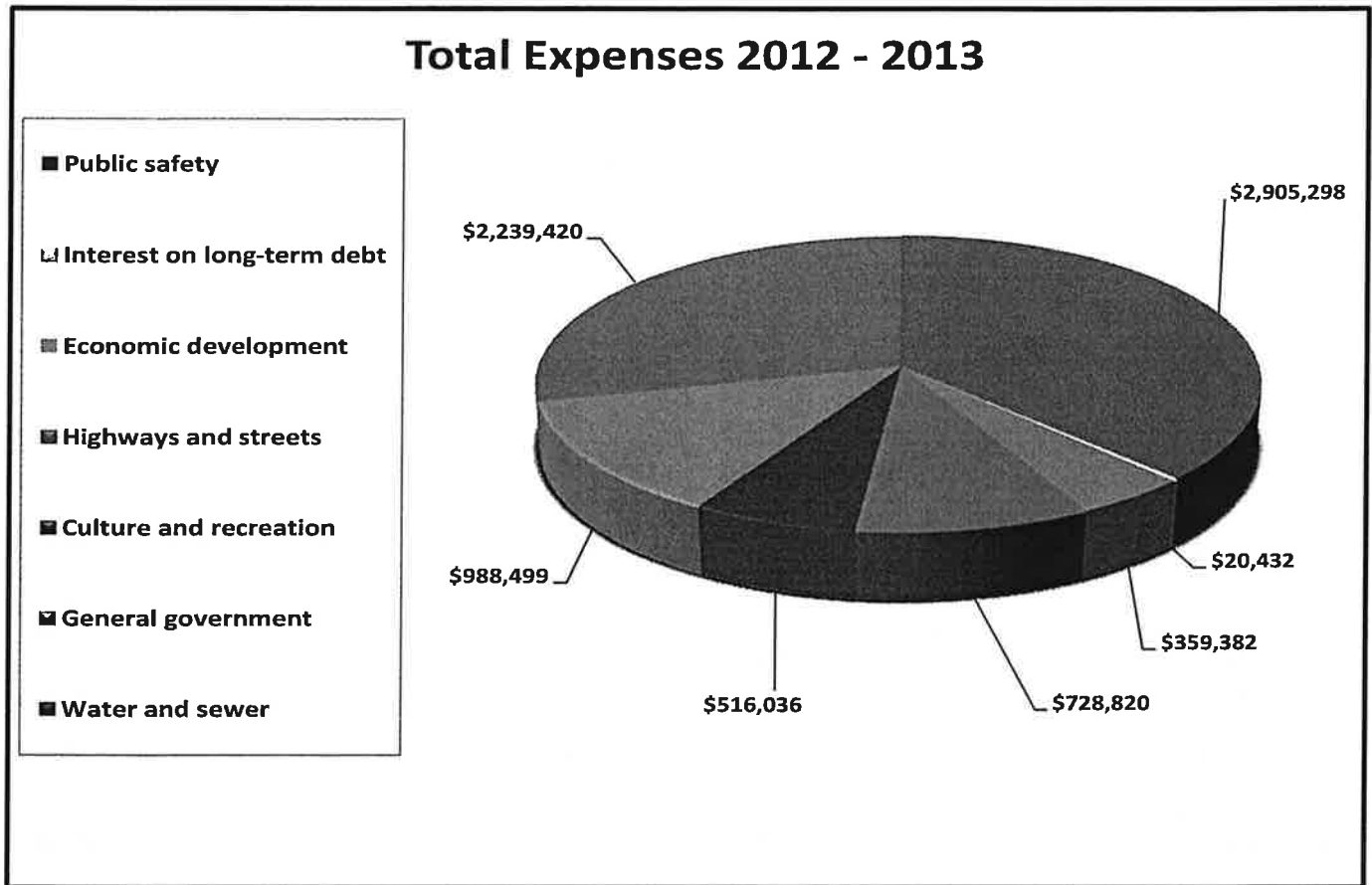
As of September 30, 2013, the City has positive balances in all three categories of net assets, both for the government as a whole, as well as separately for its governmental and business-type activities.

**Changes in Net Position.** The City's total revenues were \$9,212,006. Property taxes comprise 11.08%, or \$1,020,937 of the City's revenue. Sales tax revenue comprises 35.59%, or \$3,278,348 of the City's revenue. In addition, \$3,161,419 or 34.32% comes from charges for services; water and sewer fees of \$2,672,771 comprise 84.54% of the charges for services.

For the prior year, The City's total revenues were \$8,641,081. Property taxes comprise 10.54%, or \$910,859 of the City's revenue. Sales tax revenue comprises 36.58%, or \$3,161,021 of the City's revenue. In addition, \$3,081,771 or 35.66% comes from charges for services; water and sewer fees of \$2,678,041 comprise 86.90% of the charges for services.



The total cost of all programs and services for the year ended September 30, 2013, was \$7,757,887. For the prior year ended September 30, 2012, the total cost of all programs and services was \$7,908,879.



### Governmental Activities

- The City increased its property tax rate for 2013 from .274498 to .298608 per \$100 valuation resulting in increased property tax income for fiscal year 2013. The increase was in the I&S tax rate.
- City sales tax revenue increased \$117,327 or 3.71% from the prior year.
- Miscellaneous income increased due to the change in the charging for administrative services.
- The increases in public safety, highways and streets and culture and recreation are related to the additional expenses from the change in administrative services. Economic development expenses decreased due to the completion of prior projects.

### Business-type Activities

- Water and sewer expenses increased due to administrative charges.

**Table A-2**  
**City of Bellmead, Texas' Statement of Activities**

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 488,648	\$ 403,730	\$ 2,672,771	\$ 2,678,041	\$ 3,161,419	\$ 3,081,771
Operating grants	89,713	93,191	-	-	89,713	93,191
General revenues:						
Property taxes	1,020,937	910,859	-	-	1,020,937	910,859
Sales taxes	3,278,348	3,161,021	-	-	3,278,348	3,161,021
Franchise taxes	492,154	522,844	-	-	492,154	522,844
Hotel occupancy	381,192	350,580	-	-	381,192	350,580
Investment earnings	98,338	108,908	8,334	5,042	106,672	113,950
Miscellaneous	531,407	252,912	-	-	531,407	252,912
Gain on sale of land	150,164	153,953	-	-	150,164	153,953
Total revenues	<u>6,530,901</u>	<u>5,957,998</u>	<u>2,681,105</u>	<u>2,683,083</u>	<u>9,212,006</u>	<u>8,641,081</u>
<b>Expenditures</b>						
General government	988,499	1,453,451	-	-	988,499	1,453,451
Public safety	2,905,298	2,463,513	-	-	2,905,298	2,463,513
Highways and streets	728,820	618,766	-	-	728,820	618,766
Economic development	359,382	959,452	-	-	359,382	959,452
Culture and recreation	516,036	381,033	-	-	516,036	381,033
Interest on long-term debt	20,432	32,159	-	-	20,432	32,159
Water and sewer	-	-	2,239,420	2,000,505	2,239,420	2,000,505
Total expenditures	<u>5,518,467</u>	<u>5,908,374</u>	<u>2,239,420</u>	<u>2,000,505</u>	<u>7,757,887</u>	<u>7,908,879</u>
Increase (decrease) in net assets before transfers	1,012,434	49,624	441,685	682,578	1,454,119	732,202
Transfers	-	60,000	-	( 60,000)	-	-
Changes in net assets	1,012,434	109,624	441,685	622,578	1,454,119	732,202
Net assets, beginning	18,018,126	17,832,061	7,450,992	6,828,414	25,469,118	24,660,475
Prior period adjustment	-	76,441	-	-	-	76,441
Net assets, ending	<u>\$ 19,030,560</u>	<u>\$ 18,018,126</u>	<u>\$ 7,892,677</u>	<u>\$ 7,450,992</u>	<u>\$ 26,923,237</u>	<u>\$ 25,469,118</u>

**Analysis of the City's Operations.** Table A-2 provides a summary of the City's operations for the year ended September 30, 2013. The governmental activities increased the City's net assets by \$1,012,434. The business-type activities increased net assets by \$441,685.

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS AND BUDGETARY HIGHLIGHTS**

### **Governmental Funds**

In the current year, actual expenditures as compared to prior year actual expenditures, decreased by \$964,356. The significant changes in actual expenditures reflected a decrease in general government of \$470,351 and economic development of \$972,990 offset by increases in public safety of \$281,039 and highways and streets of \$105,428. Also, actual resources available were \$567,955 or 9.78% more than the actual resources available in the prior year. Notable changes in actual resources were as follows: total taxes increased by \$227,659; miscellaneous revenue increased by \$260,919; and fines and fees increased by \$102,232.

### **Proprietary Fund**

For the current year, actual expenses as compared to prior year actual expenses increased by \$203,102, or 11.69%. Operating revenues in the current year were \$5,270 or 0.20% less than the actual revenues in the prior year. The notable decrease in actual revenues was a decrease in water sales and service in the amount of \$56,366.

### **General Fund Budgetary Highlights**

The original budget for the General Fund was amended during the year. For fiscal year 2012-2013, revenues exceeded budgetary estimates while expenditures exceeded the budget in general government, public safety, economic development and culture and recreation.

Budgeted expenditures exceeded actual expenditures by \$135,901. The most significant variance resulted from actual expenditures being less than budgeted in highways and streets by \$300,285, while actual expenditures were more than budgeted in public safety by \$77,908 and general government by \$76,983. On the other hand, actual resources available were \$339,995 more than budgeted resources.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

During the year ended September 30, 2013, the City spent \$265,792 for governmental capital asset additions. Of the additions, \$250,123 represented the purchase of equipment. Additionally, the City spent \$172,518 for enterprise capital asset additions during the year ended September 30, 2013.

- Total gross governmental capital assets as of September 30, 2013, are \$18,102,069. For the prior year, gross governmental capital assets were \$17,836,277.
- Total gross enterprise capital assets as of September 30, 2013, are \$10,853,528. For the prior year, gross enterprise capital assets were \$10,681,010.

Additional information on the City's capital assets can be found in Note 8 to the financial statements on pages 31 – 32 of this report.

## **Long-term Debt**

At September 30, 2013, the City had \$1,125,000 in bonds and notes outstanding. As of September 30, 2012, the City had \$1,595,000 in bonds and notes outstanding.

Additional information on the City's long-term debt can be found in Note 9 to the financial statements on pages 32 – 33 of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City is continuing to budget conservatively in order to maintain fiscal responsibility. The unrestricted fund balance is the General Fund is currently approximately 5 months of estimated expenditures for a year. The City will continue to monitor its fund balance closely in order to keep a strong fund balance for future considerations.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Manager, City of Bellmead, Texas, 3015 Bellmead Drive, Bellmead, Texas 76705.



## BASIC FINANCIAL STATEMENTS

# CITY OF BELLMEAD, TEXAS

## STATEMENT OF NET POSITION

SEPTEMBER 30, 2013

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,357,298	\$ 3,765,765	\$ 11,123,063
Accounts receivable, net	659,425	351,409	1,010,834
Inventories	728	19,713	20,441
Internal balances	4,012	( 4,012)	-
Prepays	440	-	440
Restricted cash and cash equivalents	-	20,419	20,419
Equity in joint venture	-	1,568,316	1,568,316
Lease receivable:			
Due within one year	174,320	-	174,320
Due in more than one year	1,063,162	-	1,063,162
Deferred charges	10,817	34,453	45,270
Capital assets not being depreciated:			
Land	2,771,193	38,799	2,809,992
Construction in progress	-	64,039	64,039
Capital assets, net of accumulated depreciation:			
Building and improvements	4,712,483	844,812	5,557,295
Infrastructure	2,863,312	-	2,863,312
Water and sewer facilities	-	2,175,573	2,175,573
Equipment	1,530,180	225,080	1,755,260
Total assets	<u>21,147,370</u>	<u>9,104,366</u>	<u>30,251,736</u>
<b>LIABILITIES</b>			
Accounts payable	172,179	179,268	351,447
Accrued liabilities	102,993	14,615	117,608
Customer deposits payable	-	310,741	310,741
Noncurrent liabilities:			
Deferred revenue:			
Due within one year	174,320	-	174,320
Due in more than one year	1,063,162	-	1,063,162
Notes and bonds payable:			
Due within one year	337,289	184,266	521,555
Due in more than one year	266,867	522,799	789,666
Total liabilities	<u>2,116,810</u>	<u>1,211,689</u>	<u>3,328,499</u>
<b>NET POSITION</b>			
Net investment in capital assets	11,452,985	2,658,303	14,111,288
Restricted for:			
Court security and technology	31,225	-	31,225
Public safety	81,259	-	81,259
Debt service	189,364	-	189,364
Capital projects	-	20,419	20,419
Economic development	3,166,471	-	3,166,471
Culture and recreation	995,230	-	995,230
Unrestricted	<u>3,114,026</u>	<u>5,213,955</u>	<u>8,327,981</u>
Total net position	<u>\$ 19,030,560</u>	<u>\$ 7,892,677</u>	<u>\$ 26,923,237</u>

See accompanying notes to financial statements.

**CITY OF BELLMEAD, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2013**

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
General government	\$ 988,499	\$ 55,093	\$ -	\$( 933,406)	\$ -	\$( 933,406)
Public safety	2,905,298	371,414	20,015	( 2,513,869)	-	( 2,513,869)
Highways and streets	728,820	-	69,698	( 659,122)	-	( 659,122)
Economic development	359,382	25,276	-	( 334,106)	-	( 334,106)
Culture and recreation	516,036	36,865	-	( 479,171)	-	( 479,171)
Interest on long-term debt	20,432	-	-	( 20,432)	-	( 20,432)
Total governmental activities	5,518,467	488,648	89,713	( 4,940,106)	-	( 4,940,106)
Business-type activities:						
Water and sewer	2,239,420	2,672,771	-	-	433,351	433,351
Total business-type activities	2,239,420	2,672,771	-	-	433,351	433,351
Total primary government	\$ 7,757,887	\$ 3,161,419	\$ 89,713	( 4,940,106)	433,351	( 4,506,755)
General revenues:						
Property taxes, levied for general purposes				716,024	-	716,024
Property taxes, levied for debt service				304,913	-	304,913
Sales taxes				3,278,348	-	3,278,348
Franchise taxes				492,154	-	492,154
Hotel occupancy taxes				381,192	-	381,192
Investment earnings				98,338	8,334	106,672
Miscellaneous				531,407	-	531,407
Gain on sale of assets				150,164	-	150,164
Total general revenues and transfers				5,952,540	8,334	5,960,874
Change in net position				1,012,434	441,685	1,454,119
Net position, beginning				18,018,126	7,450,992	25,469,118
Net position, ending				\$ 19,030,560	\$ 7,892,677	\$ 26,923,237

See accompanying notes to financial statements.

**CITY OF BELLMEAD, TEXAS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2013**

	General	Bellmead EDC A
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,083,364	\$ 1,366,537
Receivables (net of allowance for uncollectibles)	534,906	-
Lease receivable	-	1,237,482
Due from other funds	-	-
Prepays	440	-
Inventories	728	-
Total assets	<u>\$ 3,619,438</u>	<u>\$ 2,604,019</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 117,632	\$ 1,900
Accrued liabilities	98,543	-
Due to other funds	38,173	1,585
Deferred revenue - sale of building	-	1,237,482
Deferred revenue - delinquent property taxes	81,160	-
Total liabilities	<u>335,508</u>	<u>1,240,967</u>
<b>Fund balances:</b>		
Restricted for:		
Inventories	728	-
Prepays	440	-
Public safety	81,259	-
Court technology	-	-
Culture and recreation	-	-
Economic development	-	1,363,052
Debt service	-	-
Committed for:		
Street improvements	1,331,796	-
Unrestricted	1,869,707	-
Total fund balances	<u>3,283,930</u>	<u>1,363,052</u>
Total liabilities and fund balances	<u>\$ 3,619,438</u>	<u>\$ 2,604,019</u>

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Includes compensated absences of \$169,156 and long-term debt of \$435,000 less deferred charges of \$10,817.

Net position of governmental activities

**See accompanying notes to financial statements.**

Bellmead EDC B	Hotel/Motel Tax	Other Governmental	Total Governmental Funds
\$ 1,719,172	\$ 1,037,727	\$ 150,498	\$ 7,357,298
89,665	-	34,854	659,425
-	-	-	1,237,482
1,585	6,948	35,237	43,770
-	-	-	440
-	-	-	728
<u>\$ 1,810,422</u>	<u>\$ 1,044,675</u>	<u>\$ 220,589</u>	<u>\$ 9,299,143</u>
\$ 7,003	\$ 45,644	\$ -	\$ 172,179
-	3,801	-	102,344
-	-	-	39,758
-	-	-	1,237,482
-	-	33,738	114,898
<u>7,003</u>	<u>49,445</u>	<u>33,738</u>	<u>1,666,661</u>
-	-	-	728
-	-	-	440
-	-	-	81,259
-	-	31,225	31,225
-	995,230	-	995,230
1,803,419	-	-	3,166,471
-	-	155,626	155,626
-	-	-	1,331,796
-	-	-	1,869,707
<u>1,803,419</u>	<u>995,230</u>	<u>186,851</u>	<u>7,632,482</u>
<u>\$ 1,810,422</u>	<u>\$ 1,044,675</u>	<u>\$ 220,589</u>	
			11,877,168
			114,249
			( 593,339)
			<u>\$ 19,030,560</u>

**CITY OF BELLMEAD, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	General	Bellmead EDC A
<b>REVENUES</b>		
Taxes:		
Property	\$ 721,099	\$ -
Sales	2,731,957	-
Franchise	492,154	-
Hotel occupancy	-	-
Other	52,305	-
Licenses and permits	55,093	-
Intergovernmental	89,713	-
Rent	-	-
Fines and fees	371,414	-
Investment earnings	15,658	80,122
Miscellaneous	479,102	-
Total revenues	<u>5,008,495</u>	<u>80,122</u>
<b>EXPENDITURES</b>		
General government	909,033	-
Public safety	2,818,756	-
Highways and streets	616,325	-
Economic and physical development	1,000	50,049
Culture and recreation	69,733	-
Debt service:		
Principal	-	-
Interest and other charges	-	-
Capital outlay	-	-
Total expenditures	<u>4,414,847</u>	<u>50,049</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>593,648</u>	<u>30,073</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	-	-
Transfers out	-	( 43,375)
Sale of property	-	150,164
Total other financing sources (uses)	<u>-</u>	<u>106,789</u>
<b>NET CHANGE IN FUND BALANCE</b>	593,648	136,862
<b>FUND BALANCE, BEGINNING</b>	<u>2,690,282</u>	<u>1,226,190</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 3,283,930</u>	<u>\$ 1,363,052</u>

See accompanying notes to financial statements.

<u>Bellmead EDC B</u>	<u>Hotel/Motel Tax</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 296,963	\$ 1,018,062
546,391	-	-	3,278,348
-	-	-	492,154
-	381,192	-	381,192
-	-	-	52,305
-	-	-	55,093
-	-	-	89,713
25,276	36,865	-	62,141
-	-	-	371,414
1,506	764	288	98,338
-	-	-	479,102
<u>573,173</u>	<u>418,821</u>	<u>297,251</u>	<u>6,377,862</u>
-	-	-	909,033
-	-	-	2,818,756
-	-	-	616,325
214,223	-	-	265,272
-	275,189	-	344,922
-	-	290,000	290,000
-	-	10,048	10,048
<u>50,440</u>	<u>96,860</u>	<u>-</u>	<u>147,300</u>
<u>264,663</u>	<u>372,049</u>	<u>300,048</u>	<u>5,401,656</u>
<u>308,510</u>	<u>46,772</u>	<u>( 2,797)</u>	<u>976,206</u>
43,375	-	-	43,375
-	-	-	( 43,375)
-	-	-	150,164
<u>43,375</u>	<u>-</u>	<u>-</u>	<u>150,164</u>
351,885	46,772	( 2,797)	1,126,370
<u>1,451,534</u>	<u>948,458</u>	<u>189,648</u>	<u>6,506,112</u>
<u>\$ 1,803,419</u>	<u>\$ 995,230</u>	<u>\$ 186,851</u>	<u>\$ 7,632,482</u>

THIS PAGE LEFT BLANK INTENTIONALLY



## CITY OF BELLMEAD, TEXAS

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2013

Net change in fund balances - total governmental funds \$ 1,126,370

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds reported capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$637,755) exceeds capital asset additions (\$265,792) in the current period. ( 371,963)

Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 2,875

The issuance of long-term debt (e.g., bonds, leases) provided current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 279,184

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. ( 24,032)

Changes in net position of governmental activities \$ 1,012,434

See accompanying notes to financial statements.

**CITY OF BELLMEAD, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPREITARY FUND**  
**SEPTEMBER 30, 2013**

	Business-type Activities <u>Enterprise Fund</u> <u>Water and Sewer</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 3,765,765
Accounts receivable, net of allowance for uncollectibles of \$41,383:	
Accounts	346,734 ✓
Other	4,675 ✓
Inventories	19,713 ✓
Total current assets	<u>4,136,887</u>
Noncurrent assets:	
Restricted cash	20,419
Deferred charges	34,453 ✓
Equity in joint venture	1,568,316 ✓
Capital assets:	
Land	38,799 ✓
Buildings and improvements	877,695 ✓
Water and sewer facilities	8,535,332 ✓
Equipment	1,337,663 ✓
Construction in progress	64,039 ✓
Less: accumulated depreciation	<u>(7,505,225) ✓</u>
Total capital assets (net of accumulated depreciation)	3,348,303
Total noncurrent assets	<u>4,971,491</u>
Total assets	<u>9,108,378</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	179,268 ✓
Accrued liabilities	14,615 ✓
Customer deposits payable	310,741 ✓
Compensated absences, current portion	4,266 ✓
Due to other funds	4,012 ✓
Revenue bond and note payable, current portion	<u>180,000 ✓</u>
Total current liabilities	<u>692,902</u>
Noncurrent liabilities:	
Compensated absences	12,799 ✓
Revenue bond and note payable	<u>510,000 ✓</u>
Total noncurrent liabilities	<u>522,799</u>
Total liabilities	1,215,701
<b>NET POSITION</b>	
Net investment in capital assets	2,658,303
Restricted for:	
Capital projects	20,419
Unrestricted	<u>5,213,955</u>
Total net position	<u>\$ 7,892,677</u>

**See accompanying notes to financial statements.**

**CITY OF BELLMEAD, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**PROPREITARY FUND**  
**SEPTEMBER 30, 2013**

	Business-type Activities Enterprise Fund <u>Water and Sewer</u>
<b>REVENUE</b>	
Operating revenues:	
Water sales	\$ 1,742,552
Sewer charges	804,215
Turn-on fees	54,025
Water and sewer tap fees	19,881
Other	52,098
Total operating revenue	<u>2,672,771</u>
<b>EXPENSES</b>	
Operating expenses:	
Salaries and benefits	488,126
System repair and maintenance	160,167
Auto and equipment maintenance	57,423
Office expense	31,167
Professional fees	52,441
Utilities	340,320
Depreciation	411,782
Insurance	38,577
Miscellaneous	360,620
Total operating expenses	<u>1,940,623</u>
<b>OPERATING INCOME</b>	<u>732,148</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest and other income	8,334
Gain (loss) on joint venture	( 276,491)
Interest charges	( 22,306)
Total nonoperating revenue (expenses)	<u>( 290,463)</u>
<b>CHANGE IN NET POSITION</b>	441,685
<b>NET POSITION, BEGINNING</b>	<u>7,450,992</u>
<b>NET POSITION, ENDING</b>	<u>\$ 7,892,677</u>

See accompanying notes to financial statements.

THIS PAGE LEFT BLANK INTENTIONALLY

**CITY OF BELLMEAD, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**YEAR ENDED SEPTEMBER 30, 2013**

Business-type  
Activities  
Enterprise Fund  
Water and Sewer

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers and users	\$ 2,662,958
Payments to suppliers	( 1,076,339)
Payments to employees	( 503,714)
Net cash provided by operating activities	<u>1,082,905</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Acquisition of capital assets	( 172,518)
Principal paid on bonds and note payable	( 180,000)
Interest paid on bonds and note payable	( 13,693)
Net cash provided by capital and related financing activities	<u>( 366,211)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Investment in joint venture	( 269,029)
Interest received	8,334
Net cash provided by investing activities	<u>( 260,695)</u>

**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

455,999

**CASH AND CASH EQUIVALENTS, BEGINNING**

3,330,185

**CASH AND CASH EQUIVALENTS, ENDING**

\$ 3,786,184

**RECONCILIATION OF OPERATING INCOME TO NET**

**CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income (loss)	\$ 732,148
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	411,782
Change in assets and liabilities:	
Accounts receivable, net	( 9,813)
Customer deposits	16,967
Accounts payable	( 56,603)
Due to other funds	4,012
Other liabilities	<u>( 15,588)</u>
Net cash provided by operating activities	\$ <u><u>1,082,905</u></u>

See accompanying notes to financial statements.

THIS PAGE LEFT BLANK INTENTIONALLY

## CITY OF BELLMEAD, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Bellmead, Texas (the "City") is a home-rule municipal corporation organized and existing under the provisions of the Constitution of the State of Texas. The City operates under a Council-Manager form of government and provides the following services: general government, public safety (police and fire), highways and streets, economic development, and culture and recreation.

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The more significant accounting and reporting policies and practices used by the City are described below.

##### A. Reporting Entity

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Town's operations and are appropriately presented as funds of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the Town.

The above criteria were applied to potential organizations to determine if the entity should be reported as part of the City. The following was determined:

The Bellmead Economic Development Corporation Type A (EDC A) and Bellmead Economic Development Corporation Type B are *blended component units* and are reported within the City's primary government. The Corporations are responsible for certain economic development expenditures benefiting all citizens of the government and are financed by a portion of sales tax revenue and are governed by a board comprised of members of the government's council and citizens of the community. The Corporations have a September 30 year-end and are reported as Special Revenue Funds. A separately issued financial report is available for the Bellmead Economic Development Corporations may be obtained from the City of Bellmead.

## **B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been included as part of the program expenses reported for the various functional activities. *Program revenue* includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as *general revenue*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

## **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be *available* when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.



The City reports the following major governmental funds:

**General Fund** – The General Fund is the City’s primary operating fund. It is used to account for all financial resources of the general government except those required to be accounted for in another fund.

**Bellmead Economic Development Corporation** – The Bellmead Economic Development Corporation Types A and B are blended component units which are reported as Special Revenue Funds that account for sales tax revenue that is to be used for certain economic development expenditures benefiting all citizens of the City.

**Hotel/Motel Tax Fund** – The Hotel/Motel Tax Fund accounts for the receipts and allocation of the City’s occupancy tax imposed on the rental of hotel-motel rooms. These funds are used to promote tourism and related activities within the City.

The City reports the following major proprietary fund:

**Water and Sewer Fund** – The Water and Sewer Fund accounts for the activities of the water distribution system, the sewage treatment plant, sewage pumping stations and collection systems.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City’s water and wastewater function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the City’s Enterprise Fund are charges to customers for sales and services. Operating expenses for the Enterprise Fund include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

## **D. Assets, Liabilities and Net Position or Equity**

### **Deposits and Investments**

For purposes of the statement of cash flows, the City considers all highly liquid investments (investments with original maturities less than 90 days, including restricted assets) to be cash equivalents.

State statutes authorize the City to invest in obligations of the United States or its agencies and instrumentalities and state or local governments, commercial paper, guaranteed investment contracts, repurchase agreements, and certain governmental investment pools. The City's local investment policy limits the City to invest in obligations of the United States or its agencies and instrumentalities, certificates of deposit, money market mutual funds, and local government investment pools.

Investments are reported at fair value. The governmental investment pools operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

### **Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

### **Inventories and Prepaid Items**

All inventories are valued at the lower of cost (first-in, first-out) or market. Inventories are recorded as expenditures when consumed rather than when purchased.

### **Capital Assets**

Capital assets, which include land, buildings and improvements, machinery and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City has elected to report general infrastructure assets prospectively from October 1, 2003, as permitted by GASB Statement No. 34. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the lives of the assets are not capitalized.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	5 to 30
Water and sewer facilities	5 to 30
Equipment	3 to 20
Infrastructure	40

### **Restricted Assets**

Restricted cash accounts in the Water and Sewer Fund of \$20,419 represents proceeds from the 2008 tax and revenue certificates of obligation that have not been spent but have been restricted to purchase water and sewer improvements in the future.

### **Long-term Debt**

In the government-wide financial statements, outstanding debt is reported as liabilities. Outstanding debt is reported within governmental activities based on use of proceeds. Bond issuance costs are capitalized and amortized over the terms of the respective bonds using the straight-line method.

The governmental fund level financial statements recognize the proceeds of debt as other financing sources of the current period. Issuance costs are reported as expenditures.

### **Fund Equity and Net Position**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by board resolution of the City Council, the City's highest level of decision making authority. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

In the government-wide financial statements, net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The government-wide and fund level financial statements report restricted fund balances for amounts not available for appropriation or legally restricted for specific uses. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the City's policy to use restricted resources first, then unrestricted resources as needed. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

### **Compensated Absences**

Compensated absences are reported as accrued in the government-wide financial statements. In the fund level financial statements, only matured compensated absences payable to currently terminated employees are reported.

## **2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The governmental fund balance sheet includes a reconciliation between fund balance of total governmental funds and net position of governmental activities as reported in the government-wide statement of net position.

The governmental statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances of total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

### 3. UNDIVIDED INTEREST IN WACO METROPOLITAN AREA REGIONAL SEWER SYSTEM

During 2004, the City entered into an agreement with the City of Waco, Texas to acquire a 5.73% undivided interest in the facilities and operations of the Waco Metropolitan Area Regional Sewer System (WMARSS). The City believes that its purchase and operation of the system will increase the efficiency and effectiveness of providing sewer treatment services to its citizens.

During 2009, the undivided interest of 5.73% in the WMARSS facilities and operations was adjusted to 5.707% to adjust another City's allocation to the agreement.

Under an interlocal agreement, a WMARSS board consists of the City managers from each of the seven participating cities. The operation and administration of the system is subject to joint control by the cities through the WMARSS board; however, a separate legal entity was not created. The agreement allows the cities to pool resources and share the costs, risk, and rewards of providing services. Further, each City retains an ongoing financial interest and ongoing financial interest and ongoing financial responsibility in the operations of the system.

The City has reported its share of assets, liabilities, equity, revenues and expenses that are associated with this joint activity in its Enterprise Fund as follows:

Current assets	\$ 300,767
Capital assets	1,409,307
Current liabilities	( 141,758)
Net assets	\$ 1,568,316
Operating expenses	\$( 297,298)
Nonoperating revenues	20,807
Change in net assets	\$( 276,491)
Capital contributions - current year	\$ 269,029

### 4. DEPOSITS AND INVESTMENTS

A summary of the City's cash and cash equivalents follows:

Cash and certificates of deposit in bank	\$ 11,067,741
Government investment pools:	
TexPool	115,607
TexStar	68,234
Total cash and cash equivalents	\$ 11,251,582

*Interest Rate Risk.* In accordance with its investment policy, the City manages its exposure to declines in fair value by: (a) structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, (b) investing operating funds primarily in shorter-term certificates of deposit, securities, money market mutual funds, or government investment pools, and (c) diversifying maturities and staggering purchase dates to minimize the impact of market movements over time. It is the City's policy not to invest in securities maturing more than three years from the date of purchase. At September 30, 2013, the City's only investment is in external investment pools. The weighted average maturity of Texas Local Government Investment Pool (TexPool) and Texas Short-term Asset Reserve Fund (TexStar) as of September 30, 2013, is less than 60 days.

*Credit Risk.* The City's investment policy limits investments in governmental investment pools and money market mutual funds to those that are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. As of September 30, 2013, the City's investment in TexPool and TexStar was rated AAA by Standard & Poor's.

TexPool is a public funds investment pool created pursuant to the Interlocal Cooperation Act of the State of Texas. The City has delegated the authority to hold legal title to the pool as custodians and to make investment purchases with the City's funds. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the state comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure.

TexStar is a Texas public funds investment pool that is co-administered by J. P. Morgan Chase and First Southwest Asset Management, Inc. TexStar is run by a five-member board comprised of three representatives of eligible governmental entities and one member designated by each of the co-administrators. TexStar currently offers a "Cash Reserve Fund" which will invest only in authorized investments under the Public Funds Investment Act with weighted average maturities which cannot exceed 60 days.

TexPool and TexStar operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. TexPool and TexStar use amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool and TexStar is the same as the value of TexPool shares and TexStar shares.

## 5. RECEIVABLES

Receivables as of September 30, 2013, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Bellmead Economic Development Corporation - B</u>	<u>Other Nonmajor</u>	<u>Water and Sewer</u>	<u>Total</u>
Receivables:					
Property taxes	\$ 84,079	\$ -	\$ 34,854	\$ -	\$ 118,933
Sales taxes	448,326	89,665	-	-	537,991
Accounts	-	-	-	392,169	392,169
Other	<u>2,501</u>	<u>-</u>	<u>-</u>	<u>4,675</u>	<u>7,176</u>
Gross receivables	534,906	89,665	34,854	396,844	1,056,269
Less: allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 45,435)</u>	<u>( 45,435)</u>
Net total receivables	<u>\$ 534,906</u>	<u>\$ 89,665</u>	<u>\$ 34,854</u>	<u>\$ 351,409</u>	<u>\$ 1,010,834</u>

The appraisal of property within the City is the responsibility of the McLennan County Appraisal District (the "District"). The District is required under the Property Tax Code to assess all property within the District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. The value of property within the District must be reviewed every four years.

The City's property tax is levied each October 1 on assessed value listed as of the prior January 1 for all real and business personal property located in the City. The new assessed value upon which the fiscal 2013 levy was based was \$337,037,305.

Taxes are due by January 31 following the October 1 levy date. Current tax collections for the year ended September 30, 2013, were 97.3 % of the tax levy.

## 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payable balances at September 30, 2013, are as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General	\$ -	\$ 38,173
Bellmead EDC - A	-	1,585
Bellmead EDC - B	1,585	-
Hotel/Motel Tax	6,948	-
Nonmajor	35,237	-
Water and sewer	<u>-</u>	<u>4,012</u>
Totals	<u>\$ 43,770</u>	<u>\$ 43,770</u>

All balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Interfund transfers at September 30, 2013, are as follows:

	<u>Bellmead EDC - B</u>	<u>Total</u>
Transfers out:		
Bellmead EDC - A	\$ <u>43,375</u>	\$ <u>43,375</u>
Total transfers	\$ <u>43,375</u>	\$ <u>43,375</u>

Transfers are used to 1) move revenues from the fund with collection authorization to the Debt Service Fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the Debt Service Fund to establish mandatory reserve accounts, and 3) move unrestricted General Fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or match funds for various grant programs.

## 7. LEASE RECEIVABLES

The Bellmead Economic Development Corporation (BEDC) has completed construction on a building which will be utilized as a plant and office space by Texas Machine & Tool International, LLC (TMI). BEDC has entered into a 10-year lease agreement with TMI to lease the property in accordance with the following schedule based on the construction cost of the building, not to exceed \$1,832,000. At any time after the fifth year of the lease, TMI can purchase the building at amounts specified in the lease agreement. If the lease lasts to its maturity, TMI can purchase the building for \$0. After the 2013 payments, the current lease receivable is \$1,237,482.

The lease began October 1, 2009. The payments, including interest at 6.5% are:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 174,320	\$ 75,304
2015	185,994	63,630
2016	198,451	51,173
2017	211,742	37,882
2018	225,922	23,702
2019-2022	<u>241,053</u>	<u>8,571</u>
	\$ <u>1,237,482</u>	\$ <u>260,262</u>



## 8. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2013, was as follows:

	Balance October 1, 2012	Additions	Deletions	Balance September 30, 2013
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land	\$ 2,771,193	\$ -	\$ -	\$ 2,771,193
Construction in progress	-	-	-	-
Total capital assets not being depreciated	2,771,193	-	-	2,771,193
Capital assets being depreciated:				
Buildings and improvements	6,515,950	15,669	-	6,531,619
Infrastructure	3,191,770	-	-	3,191,770
Equipment	5,357,364	250,123	-	5,607,487
Total capital assets being depreciated	15,065,084	265,792	-	15,330,876
Less accumulated depreciation for:				
Buildings and improvements	( 1,596,169)	( 222,967)	-	( 1,819,136)
Infrastructure	( 249,373)	( 79,085)	-	( 328,458)
Equipment	( 3,741,604)	( 335,703)	-	( 4,077,307)
Total accumulated depreciation	( 5,587,146)	( 637,755)	-	( 6,224,901)
Total capital assets being depreciated, net	9,477,938	( 371,963)	-	9,105,975
Governmental activities capital assets, net	\$ 12,249,131	\$ ( 371,963)	\$ -	\$ 11,877,168
<b>Business-type activities</b>				
Capital assets not being depreciated:				
Land	\$ 38,799	\$ -	\$ -	\$ 38,799
Construction in progress	1,002,387	-	( 938,348)	64,039
Total capital assets not being depreciated	1,041,186	-	( 938,348)	102,838
Capital assets being depreciated:				
Buildings and improvements	12,461	865,234	-	877,695
Water and sewer facilities	8,361,013	174,319	-	8,535,332
Equipment	1,266,350	71,313	-	1,337,663
Total capital assets being depreciated	9,639,824	1,110,866	-	10,750,690
Less accumulated depreciation for:				
Buildings and improvements	( 10,943)	( 21,940)	-	( 32,883)
Water and sewer facilities	( 6,015,345)	( 344,414)	-	( 6,359,759)
Equipment	( 1,067,155)	( 45,428)	-	( 1,112,583)
Total accumulated depreciation	( 7,093,443)	( 411,782)	-	( 7,505,225)
Total capital assets being depreciated, net	2,546,381	699,084	-	3,245,465
Business-type activities capital assets, net	\$ 3,587,567	\$ 699,084	\$ ( 938,348)	\$ 3,348,303

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities	
General government	\$ 87,783
Public safety	259,730
Highways and streets	109,573
Economic development	109,168
Culture and recreation	<u>71,501</u>
Total depreciation - governmental activities	<u>\$ 637,755</u>
Business-type activities	
Water and sewer	<u>\$ 411,782</u>
Total depreciation - business-type activities	<u>\$ 411,782</u>

## 9. LONG-TERM DEBT

Long-term debt consists of bonded indebtedness, note payable, and compensated absences. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and pledges income derived from the acquired or constructed assets to pay debt service. General obligation bonds have been issued for the business-type activities. For the governmental activities, compensated absences are generally liquidated by the General Fund.

The following is a summary of changes in long-term debt of the year ended September 30, 2013:

	Balance October 1, 2012	Additions	Retirements	Balance September 30, 2013	Due Within One Year
<b>Governmental activities</b>					
General obligation refunding bonds, Series 2012	\$ 495,000	\$ -	\$ ( 245,000)	\$ 250,000	\$ 250,000
Tax anticipation notes	230,000	-	( 45,000)	185,000	45,000
Compensated absences	<u>144,692</u>	<u>47,114</u>	<u>( 22,650)</u>	<u>169,156</u>	<u>42,289</u>
	<u>\$ 869,692</u>	<u>\$ 47,114</u>	<u>\$ ( 312,650)</u>	<u>\$ 604,156</u>	<u>\$ 337,289</u>
<b>Business-type activities</b>					
General obligation refunding bonds, Series 2012	\$ 870,000	\$ -	\$ ( 180,000)	\$ 690,000	\$ 180,000
Compensated absences	<u>22,950</u>	<u>24,678</u>	<u>( 30,563)</u>	<u>17,065</u>	<u>4,266</u>
	<u>\$ 892,950</u>	<u>\$ 24,678</u>	<u>\$ ( 210,563)</u>	<u>\$ 707,065</u>	<u>\$ 184,266</u>

Long-term debt for governmental activities at September 30, 2013, is comprised of the following:

\$495,000 Series 2012 General Obligation Refunding Bonds, due in annual installments of \$245,000 to \$250,000 with an interest rate of 1.79%, maturing in 2014. \$ 250,000

\$230,000 Series 2012 Tax Anticipation Notes, due in annual installments of \$45,000 to \$50,000 with an interest rate of 1.79%, maturing in 2017. \$ 185,000

Annual debt services requirements to maturity for governmental activities are as follows:

Year Ended September 30,	General Obligation Bonds		Note Payable	
	Principal	Interest	Principal	Interest
2014	\$ 250,000	\$ 2,237	\$ 45,000	\$ 2,909
2015	-	-	45,000	2,103
2016	-	-	45,000	1,298
2017	-	-	50,000	448
	<u>\$ 250,000</u>	<u>\$ 2,237</u>	<u>\$ 185,000</u>	<u>\$ 6,758</u>

Long-term debt for business-type activities at September 30, 2013, is comprised of the following:

\$870,000 Series 2012 General Obligation Refunding Bonds, due in annual installments of \$165,000 to \$180,000 with an interest rate of 1.79%, maturing in 2017. 690,000

Annual debt service requirements to maturity for business-type activities are as follows:

Year Ended September 30,	Principal	Interest
2014	\$ 180,000	\$ 10,740
2015	165,000	7,652
2016	170,000	4,654
2017	175,000	1,566
	<u>\$ 690,000</u>	<u>\$ 24,612</u>

In March 2012, the City issued \$230,000 in Tax Anticipation Notes in order to finance the purchase of police vehicles and fire department equipment.

## 10. EMPLOYEE BENEFIT PLAN

### Plan Description

The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at [www.TMRS.com](http://www.TMRS.com).

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	<u>Plan Year 2012</u>	<u>Plan Year 2013</u>
Employee deposit rate	6%	6%
Matching ration (city to employee)	2 to 1	2 to 1
Years required for vesting	5 years	5 years
Service retirement eligibility (expressed as age/years of service)	60/5, 0/25	60/5, 0/25
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

### Contributions

Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

The annual pension cost and net pension obligation/(asset) are as follows:

### Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation/ (Asset)
9/30/2011	346,440	346,440	100%	-
9/30/2012	268,019	268,019	100%	-
9/30/2013	241,743	241,743	100%	-

The required contribution rates for fiscal year 2013 were determined as part of the December 31, 2010 and 2011 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2012, also follows:

Valuation Date	12/31/2010	12/31/2011	12/31/2012
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	27.1 closed period	26.4 closed period	25.1 closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return*	7.0%	7.0%	7.0%
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service
*Includes Inflation at	3.00%	3.00%	3.00%
Cost-of-Living Adjustments	2.1%	2.1%	2.1%

## Funded Status and Funding Progress –

The funded status as of December 31, 2010, the most recent actuarial valuation date, is presented as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(1)	(2)	(3)	(4)	(5)	(6)
			(1) / (2)	(2) - (1)		(4) / (5)
12/31/2012	\$ 9,412,845	\$ 9,736,082	96.7%	\$ 323,237	\$ 2,780,627	11.6%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

## 11. OTHER POSTEMPLOYMENT BENEFITS

### Supplemental Death Benefits Fund

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

## **Contributions**

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

Schedule of Contribution Rates (RETIREE-only portion of the rate)			
Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2010	0.06%	0.06%	100%
2011	0.05%	0.05%	100%
2012	0.05%	0.05%	100%

## **12. COMMITMENTS AND CONTINGENCIES**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

There are other claims and pending actions incident to normal operations of the City. In the opinion of the City management based on consultation with the City's attorney, the City's potential liability in these matters will not have a material impact on the financial statements.

## **13. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts/theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other governments in the State of Texas to form the Texas Municipal League Intergovernmental Risk Pool (the "Pool"), a public entity risk pool currently operating as a common risk management and insurance program for liability, property and workers' compensation coverages.

The City pays a quarterly contribution to the Pool for its insurance coverage. The agreement for formation of the Pool provides that the Pool will be self-sustaining through member contributions and will reinsure through commercial companies for claims in excess of specific limits.

The Texas Municipal League Intergovernmental Risk Pool has published its own financial report, which can be obtained by writing the Texas Municipal League Intergovernmental Risk Pool, 1821 Rutherford Lane, Austin, Texas 78754-5128.

THIS PAGE LEFT BLANK INTENTIONALLY



## REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF BELLMEAD, TEXAS**

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**GENERAL FUND**

**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>With Final Budget</u>
<b>REVENUES</b>				
Taxes:				
Property	\$ 695,270	\$ 695,270	\$ 721,099	\$ 25,829
Sales	2,670,750	2,670,750	2,731,957	61,207
Franchise	559,420	559,420	492,154	( 67,266)
Other	42,470	42,470	52,305	9,835
Licenses and permits	29,370	29,370	55,093	25,723
Intergovernmental	-	-	89,713	89,713
Fines and fees	274,760	274,760	371,414	96,654
Investment earnings	7,270	7,270	15,658	8,388
Miscellaneous	389,190	389,190	479,102	89,912
Total revenue	<u>4,668,500</u>	<u>4,668,500</u>	<u>5,008,495</u>	<u>339,995</u>
<b>EXPENDITURES</b>				
General government	824,050	832,050	909,033	( 76,983)
Public safety	2,640,630	2,740,848	2,818,756	( 77,908)
Highways and streets	892,610	916,610	616,325	300,285
Economic and physical development	-	-	1,000	( 1,000)
Culture and recreation	61,240	61,240	69,733	( 8,493)
Total expenditures	<u>4,418,530</u>	<u>4,550,748</u>	<u>4,414,847</u>	<u>135,901</u>
<b>NET CHANGE IN FUND BALANCE</b>	249,970	117,752	593,648	475,896
<b>FUND BALANCE, BEGINNING</b>	<u>2,690,282</u>	<u>2,690,282</u>	<u>2,690,282</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 2,940,252</u>	<u>\$ 2,808,034</u>	<u>\$ 3,283,930</u>	<u>\$ 475,896</u>

# CITY OF BELLMEAD, TEXAS

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

### BELLMEAD ECONOMIC DEVELOPMENT CORPORATION - A

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ 86,750	\$ 86,750	\$ 80,122	\$ ( 6,628)
Total revenue	<u>86,750</u>	<u>86,750</u>	<u>80,122</u>	<u>( 6,628)</u>
<b>EXPENDITURES</b>				
Economic development	<u>23,050</u>	<u>23,050</u>	<u>50,049</u>	<u>( 26,999)</u>
Total expenditures	<u>23,050</u>	<u>23,050</u>	<u>50,049</u>	<u>( 26,999)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>63,700</u>	<u>63,700</u>	<u>30,073</u>	<u>( 33,627)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	( 86,250)	( 86,250)	( 43,375)	42,875
Sale of property	<u>-</u>	<u>-</u>	<u>150,164</u>	<u>150,164</u>
Total other financing sources (uses)	<u>( 86,250)</u>	<u>( 86,250)</u>	<u>106,789</u>	<u>193,039</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>( 22,550)</u>	<u>( 22,550)</u>	<u>136,862</u>	<u>159,412</u>
<b>FUND BALANCE, BEGINNING</b>	<u>1,226,190</u>	<u>1,226,190</u>	<u>1,226,190</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 1,203,640</u>	<u>\$ 1,203,640</u>	<u>\$ 1,363,052</u>	<u>\$ 159,412</u>

# CITY OF BELLMEAD, TEXAS

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

### BELLMEAD ECONOMIC DEVELOPMENT CORPORATION - B

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Sales taxes	\$ 529,000	\$ 529,000	\$ 546,391	\$ 17,391
Rent	50,360	50,360	25,276	
Investment earnings	3,600	3,600	1,506	( 2,094)
Total revenue	<u>582,960</u>	<u>582,960</u>	<u>573,173</u>	<u>( 9,787)</u>
<b>EXPENDITURES</b>				
Economic development	569,210	569,210	214,223	354,987
Capital outlay	<u>100,000</u>	<u>100,000</u>	<u>50,440</u>	<u>49,560</u>
Total expenditures	<u>669,210</u>	<u>669,210</u>	<u>264,663</u>	<u>404,547</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 86,250)</u>	<u>( 86,250)</u>	<u>308,510</u>	<u>394,760</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>86,250</u>	<u>86,250</u>	<u>43,375</u>	<u>( 42,875)</u>
Total other financing sources (uses)	<u>86,250</u>	<u>86,250</u>	<u>43,375</u>	<u>( 42,875)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	351,885	351,885
<b>FUND BALANCE, BEGINNING</b>	<u>1,451,534</u>	<u>1,451,534</u>	<u>1,451,534</u>	-
<b>FUND BALANCE, ENDING</b>	<u>\$ 1,451,534</u>	<u>\$ 1,451,534</u>	<u>\$ 1,803,419</u>	<u>\$ 351,885</u>

# CITY OF BELLMEAD, TEXAS

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

### HOTEL/MOTEL TAX FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>With Final</u>
				<u>Budget</u>
<b>REVENUES</b>				
Hotel occupancy tax	\$ 342,020	\$ 342,020	\$ 381,192	\$ 39,172
Rent	49,000	49,000	36,865	( 12,135)
Investment earnings	<u>1,750</u>	<u>1,750</u>	<u>764</u>	<u>( 986)</u>
Total revenue	<u>392,770</u>	<u>392,770</u>	<u>418,821</u>	<u>26,051</u>
<b>EXPENDITURES</b>				
Culture and recreation	274,370	274,370	275,189	( 819)
Capital outlay	<u>104,750</u>	<u>109,750</u>	<u>96,860</u>	<u>12,890</u>
Total expenditures	<u>379,120</u>	<u>384,120</u>	<u>372,049</u>	<u>12,071</u>
<b>NET CHANGE IN FUND BALANCE</b>	13,650	8,650	46,772	38,122
<b>FUND BALANCE, BEGINNING</b>	<u>948,458</u>	<u>948,458</u>	<u>948,458</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 962,108</u>	<u>\$ 957,108</u>	<u>\$ 995,230</u>	<u>\$ 38,122</u>

City of Bellmead, Texas  
 TMRS Analysis of Funding Progress  
 For the Year Ended September 30, 2013  
 (Unaudited)

Actuarial Valuation Date	12/31/12	12/31/11	12/31/10
Actuarial Value of Assets	\$ 9,412,845	\$ 8,951,504	\$ 8,384,112
Actuarial Accrued Liability	\$ 9,736,082	\$ 9,430,257	\$ 9,079,380
Percentage Funded	96.7%	94.9%	92.3%
Unfunded (over-funded) Actuarial Accrued Liability (UAAL)	\$ 323,237	\$ 478,753	\$ 695,268
Annual Covered Payroll	\$ 2,780,627	\$ 2,805,949	\$ 2,815,348
UAAL as a Percentage of Covered Payroll	11.6%	17.1%	24.7%

CITY OF BELLMEAD, TEXAS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2013  
(Unaudited)

BUDGETARY INFORMATION - The City follows these procedures annually in establishing the budgetary data reflected in the budgetary comparison schedules:

1. Prior to the beginning of each fiscal year, the City Administrator submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at which all interested persons' comments concerning the budget are heard.
3. The budget is legally enacted by the City Council through passage of an ordinance prior to the beginning of the fiscal year.
4. The City Administrator has the authority to transfer appropriations within departmental accounts. The City Council, however, must approve any interdepartmental transfer of unencumbered appropriation balances or portions thereof as well as any increases in fund appropriations. At the end of the fiscal year, all appropriations lapse.
5. Annual budgets are only adopted for the General Fund. This budget is adopted on a basis consistent with generally accepted accounting principles ("GAAP"). There are no legally mandated budgetary constraints for the proprietary funds, however a budget is adopted for the proprietary fund annually as a management tool and for purposes of planning revenue bond repayment in accordance with bond covenants.
6. The budgetary data presented has been amended from the original budget by the City Council. There were no significant supplemental appropriations necessary during the year.
7. Expenditures exceeded appropriations in general government, public safety, economic and physical development and culture and recreation expenditures in the General Fund. These overruns were covered by unexpected revenues and unspent expenditure budget. Expenditures exceeded appropriations in economic development expenditures in the EDC A Fund. These overruns were covered by additional financing sources. Expenditures exceeded appropriations in culture and recreation in the Hotel/Motel Tax Fund. These overruns were covered by unexpected revenues and unspent expenditure budget.

THIS PAGE LEFT BLANK INTENTIONALLY



## OTHER SUPPLEMENTARY INFORMATION

# CITY OF BELLMEAD, TEXAS

## COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2013

	<u>Special Revenue</u> <u>Court Technology</u>	<u>Debt</u> <u>Service</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 150,498	\$ 150,498
Receivables (net of allowance for uncollectibles)	-	34,854	34,854
Due from other funds	<u>31,225</u>	<u>4,012</u>	<u>35,237</u>
Total assets	<u>\$ 31,225</u>	<u>\$ 189,364</u>	<u>\$ 220,589</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Deferred revenue - delinquent property taxes	\$ -	\$ 33,738	\$ 33,738
Total liabilities	<u>-</u>	<u>33,738</u>	<u>33,738</u>
<b>Fund balances:</b>			
Restricted for:			
Court technology	31,225	-	31,225
Debt service	<u>-</u>	<u>155,626</u>	<u>155,626</u>
Total fund balances	<u>31,225</u>	<u>155,626</u>	<u>186,851</u>
Total liabilities and fund balances	<u>\$ 31,225</u>	<u>\$ 189,364</u>	<u>\$ 220,589</u>

# CITY OF BELLMEAD, TEXAS

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Special Revenue</u> <u>Court Technology</u>	<u>Debt</u> <u>Service</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
<b>REVENUES</b>			
Taxes:			
Property	\$ -	296,963	\$ 296,963
Investment earnings	<u>-</u>	<u>288</u>	<u>288</u>
Total revenues	<u>-</u>	<u>297,251</u>	<u>297,251</u>
<b>EXPENDITURES</b>			
Debt service:			
Principal	-	290,000	290,000
Interest and other charges	<u>-</u>	<u>10,048</u>	<u>10,048</u>
Total expenditures	<u>-</u>	<u>300,048</u>	<u>300,048</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	( 2,797)	( 2,797)
<b>FUND BALANCE, BEGINNING</b>	<u>31,225</u>	<u>158,423</u>	<u>189,648</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 31,225</u>	<u>\$ 155,626</u>	<u>\$ 186,851</u>

THIS PAGE LEFT BLANK INTENTIONALLY